

7R0050006-1

INFORMATION REPORT

CD NO.

25X1A

COUNTRY Ecuador

DATE DISTR. 20 JUN 50

SUBJECT Plotting Against the Plaza Regime

NO. OF PAGES

25X1A

PLACE
ACQUIRED

NO. OF ENCLS.
(LISTED BELOW)

DATE OF INFO. 2 - 16 May 1950

SUPPLEMENT TO
REPORT NO.

25X1X

1. Victor Emilio Estrada, wealthy banker and businessman of Guayaquil, has begun a campaign to discredit the government of Galo Plaza and to enlist opposition support in the army in the hope of being selected as a compromise candidate to head the new government which would be set up in the event of a successful revolutionary coup by the army.*
2. Estrada has established contact with Colonel Octavio Ochoa, commander of the Guayaquil military zone, through his long-time friend and business associate, Francisco Arizaga Luque. Through Arizaga, Estrada has attempted to convince Ochoa that the army should intervene for the good of the entire country.** Ochoa, Estrada, and Arizaga conferred in Arizaga's home late on the night of 9 May after the president had delivered his annual economic message to the nation in Guayaquil.***
3. On 10 May Arizaga went to the home of Pedro Saad, leader of the Partido Comunista del Ecuador (PCE), to explain that he was resigning as president of the Alianza Democratica Ecuatoriana (ADE) because of the mass withdrawal of its Socialist supporters. Saad and other PCE leaders realize, however, that Arizaga's real reason for resigning is to be able to devote more time to revolutionary activities. They realize that the government is in danger of being replaced by a military group which would probably outlaw the PCE immediately and are attempting to counteract the efforts of the military conspirators by dissuading the enlisted personnel of the army.
4. President Plaza recently stated in discussing the political situation with a friend of his in the coastal area that as long as the administration had the support of Defense Minister Manuel Diaz Granados, it had nothing to fear.

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Document No. 4
No Change in Class. ☐
☐ Declassified
Class. Changed To: TS S ☒
Auth: HR 70-2
-RDP82-00437 R005000001000525

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[REDACTED] a formidable group of military personnel in the Guayaquil area is planning to stage a coup bringing Diaz Granados in as a semi-dictator, and that Col. Ochoa is in accord with the plan. If such a move is successful, it is planned that all the cabinet posts except one will be filled by army officers. Following is a list of tentative appointments:

Minister of Government:	General Alberto Carlos Enriquez Gallo
Minister of Defense:	Colonel Carlos Mancheno Cajas
Minister of Economy:	Jose Urgelles Caamano (present minister)
Minister of Public Works:	General Angel Isaac Chiriboga
Minister of Social Welfare:	Colonel Cesar Alfaro
Minister of Education:	General Ricardo Astudillo
25X1A Minister of the Treasury:	Colonel Jose Felix Vega Davila

[REDACTED] Comments.

*There is a possibility that Estrada's plan could succeed, for only the fact that leaders of the various conspiratorial movements have been unable to consolidate their forces and agree upon an over-all leader has prevented the overthrow of the Plaza government up until the present time.

**Ochoa is a close friend and political supporter of General Alberto Carlos Enriquez Gallo, leftist military politician and former presidential aspirant (as Plaza's opposition candidate in 1948 he was supported by the PCE) who is also a close friend of Arizaga. This friendship made it logical for Arizaga to approach Ochoa on behalf of Estrada.

***The government had hoped that the president's message would favorably sway the opinion of groups which had formerly been rather indifferent about economic issues, but it is believed that governmental prestige was undermined rather than strengthened by the official statement of policy.

While both the revolutionary movements outlined above appear rather unlikely on the surface, the possibility of their success cannot be ruled out. However, if Plaza's position is strengthened by the election results and a solution to the foreign exchange problem acceptable to the majority is found, the conspirators may decide to postpone their plans until they can find a strong issue on which to base their hopes for popular support.

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